

## Message Text

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PAGE 01 LOUREN 00111 050753Z

12

ACTION AF-06

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R 041220Z FEB 76

FM AMEMBASSY LOURENCO MARQUES

TO SECSTATE WASHDC 4259

INFO AMEMBASSY BLANTYRE

AMEMBASSY DAR ES SALAAM

AMEMBASSY GABORONE

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUSAKA

AMEMBASSY MBABANE

AMEMBASSY NAIROBI

AMEMBASSY PRETORIA

AMCONSUL CAPE TOWN

USMISSION USUN NEW YORK

CINCLANT FOR POLAD

CINCEUR

C O N F I D E N T I A L LOURENCO MARQUES 111

CAPE TOWN FOR EMBASSY

E.O. 11652: GDS

TAGS: MZ

SUBJECT: PRESIDENT MACHEL'S MOZAMBIQUE HEROES DAY SPEECH-PRELIMINARY  
ASSESSMENT

REF: LOURENCO MARQUES 105

1. IN LONG FOUR HOUR SPEECH COMMEMORATING ASSISINATION OF FORMER  
FREIMO PRESIDENT EDUARDO MONDLANE AND INAUGURATING FIRST MOZAMBIQUE  
HEROES DAY, PRESIDENT SAMORA MACHEL ANNOUNCED NATIONALIZATION OF ALL  
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PAGE 02 LOUREN 00111 050753Z

PRIVATELY OWNED BUILDINGS, DECLARED THAT ALL FUTURE RENTS WILL BE

PAID TO GOVERNMENT, DECREED THAT ALL MOZAMBIQUE WORKERS WOULD HAVE TO CONTRIBUTE ONE DAY'S WAGES A MONTH TO CAUSE OF AFRICAN LIBERATION AND CHANGED THE NAME OF LOURENCO MARQUES TO MAPUTO.

2. FULL TEXT OF MACHEL'S SPEECH AS YET UNAVAILABLE SINCE LOURENCO MARQUES PAPERS NOT BEING PUBLISHED FEB 4.

3. COMMENT : MACHEL'S NEW MEASURE OBVIOUSLY DESIGNED TO MOVE COUNTRY FURTHER ALONG SOCIALIST PATH AND TO REAFFIRM HIS COMMITMENT TO STRUGGLE FOR AFRICAN LIBERATION IN SOUTH AFRICA AND ZIMBABWEJM HOWEVER, UNPLANNED AND OFF-HAND MANNER IN WHICH HE HAS CHOSEN TO DO THIS COULD HAVE SERIOUS AND IRREVERSIBLE CONSEQUENCES FOR MOZAMBIQUE ECONOMY AND IN THE LONG TERM POLITICAL STABILITY. AS ANNOUNCED THE NEW MEASURE WILL FRIGHTEN AWAY A LARGE NUMBER OF THE REMAINING PORTUGUESE COMMUNITY, OVER-BURDEN GPRM'S FLEDGLING BUREAUCRACY AND POSSIBLE DISINGRATiate HIMSELF WITH THE MASSES.

4. CURRENTLY THERE ARE APPROXIMATELY 50,000 TO 60,000 PORTUGUESE NATIONALS LEFT IN MOZAMBIQUE, MOST IN MAPUTO (LOURENCO MARQUES) AREA. WE HAVE RELIABLE INFORMATION (FROM TRAVEL AND AIRLINE PERSONNEL THAT APPROXIMATELY 15,000 TO 20,000 OF THESE PEOPLE ARE SCHEDULED TO LEAVE BETWEEN JUNE AND AUGUST WHEN THEIR CIVIL SERVICE CONTRACTS EXPIRE. LARGE NUMBER OF REMAINING 30,000 PORTUGUESE ARE REGARDED AS FENCE SITTERS, I.E. THOSE WHO HAVE OPTED OUT FOR PORTUGUESE CITIZENSHIP

BUT ARE STILL TRYING TO MAKE A GO OF IT HERE. MACHEL'S NATIONALIZATION

OF PRIVATE RESIDENCES, OFFICES AND COMMERCIAL BUILDINGS WILL UNDOUBTEDLY PUSH THEM OFF THEIR PERCHES AND ACCELERATE THEIR EXODUS. THE PORTUGUESE CONSUL INDICATED THAT ONLY 10,000 PORTUGUESE WHITES OPTED FOR MOZAMBIKAN CITIZENSHIP, MANY OF THESE ARE NOW RECONSIDERING,

AND IN SIX MONTHS TO A YEAR MOST EUROPEAN PORTUGUESE WILL HAVE DEPARTED.

5. GPRM HAS A SMALL, WEAK, INEFFICIENT AND FLEDGLING BUREAUCRACY WHICH

INHERITED NUMBER OF PORTUGUESE BAD TRAITS. IT HAS BEEN UNABLE TO HANDLE VOLUME OF WORK CURRENTLY THRUST UPON IT. IN ADDITION NATIONALIZATION OF SCHOOLS AND HEALTH SERVICES HAS NOT GONE WELL. IT IS CONFIDENTIAL

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PAGE 03 LOUREN 00111 050753Z

HIGHLY UNLIKELY THAT GPRM WILL BE ABLE TO HANDLE ADMINISTRATION, CONFISCATION, RENT COLLECTION ENTRAILED IN NEW NATIONALIZATIONS. (NO MENTION WAS MADE OF WHETHER GOVERNMENT PLANS TO COMPENSATE OWNERS.)

6 WHILE MACHEL'S TAKE OVER OF VACANT HOUSE FOR REDISTRIBUTION TO THE POOR WILL BE WELL RECEIVED, HIS CALL FOR PAYMENT OF ONE DAY'S WAGES EACH MONTH FOR THE LIBERATION STRUGGLE OUTSIDE THE

COUNTRY WILL CERTAINLY NOT ENDEAR HIM TO THE PEOPLE, ESPECIALLY THOSE IN THE URBAN AREAS. INFLATED FOOD PRICES PUSHED BY CHRONIC FOOD SHORTAGES OF KEY PRODUCTS LIKE FLOUR, MEAT AND RICE, WILL MAKE MOST WORKERS EXTREMELY RELUCTANT TO PART WITH THEIR FUNDS. A SIMILAR ONE DAY COLLECTION IN SUPPORT OF MPLA EVOKED GRUMBLING AND WHEN RICE AND OTHER FOOD STORES PURCHASED WITH THESE FUNDS WERE BEING LOADED IN MAPUTO (LOURENCO MARQUES) SOME DOCKERS REFUSED TO HANDLE CARGO.

7. ONE CERTAIN FACT IS THAT MOZAMBIQUE'S TLAGGERING ECONOMY IS NOT LIKELY TO BE HELPED BY MACHEL'S SPEECH. PRODUCTION IN ALL AGRICULTURAL AREAS IS ALREADY PLUMMENTING, FAVORY OUTPUT IS SHRINKING, TRAFFIC AT THE PORTS IS DOWN BY 40 PER CENT, AND THERE ARE GROWING SIGNS THAT SOUTH AFRICAN EXPORTERS AND IMPORTERS HAVE LOST CONFIDENCE IN MOZAMBIQUE'S RAILWAYS AND PORTS. AS THE SITUATION BECOMES INCREASINGLY DIFFICULT, MOZAMBIQUE CAN ILL AFFORD TO LOOSE THE REMAINING TECHNICIANS WHO KEEP THE FACTORIES, BUSINESSES AND RAILWAYS AND PORTS RUNNING.

8. EMBASSY WILL TRANSMIT PERTINENT PARTS OF SPEECH AND MORE DETAILED ANALYSIS OF IT WHEN IT BECOMES AVAILABLE, INCLUDING IMPACT OF NEW DECREES ON OFFICIALS AND PRIVATE AMERICAN OWNED PROPERTY.  
CARSON

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